

Message Text

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 SAA-01 CIAE-00 DODE-00
PM-05 H-02 INR-10 L-03 NSAE-00 NSC-05 PA-02
SP-02 SS-15 ICA-20 AID-05 EB-08 FRB-01 TRSE-00
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R 030733Z JUL 78
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC 8609
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
USDOC WASHDC

UNCLAS DAMASCUS 3775

E.O. 11652: NA
TAGS: BEXP, EAID, ETRD, SY
SUBJ: FIRST INDICATIONS NEGATIVE EFFECTS OF U.S. ANTI-BOYCOTT
LEGISLATION

1. RECENT CONTRACTING DISPUTE HAS BROUGHT FORCIBLY TO
ATTENTION THREE U.S. FIRMS THAT CONFRONTATION U.S.
ANTI-BOYCOTT LEGISLATION AND APPLICATION ARAB BOYCOTT
REGULATIONS MAY PROVE VERY EXPENSIVE. SENIOR OFFICIAL
AFTOMACHINE (SYRIAN GOVT. IMPORTING AGENCY) TOLD USAID
OFFICER THAT AWARD OF RECENT (NON AID) CONTRACT FOR
CRANES CAME UNSTRUCK BECAUSE THREE U.S. FIRMS (WHICH
WERE LOW BIDDERS) REFUSED TO CERTIFY THAT SHIPPING
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COMPANY WOULD CONFORM TO BOYCOTT REGULATIONS. SHOULD
CONTRACT BE AWARDED TO NEXT HIGHEST BIDDER, A FRENCH
FIRM, ALL THREE U.S. FIRMS WILL FORFEIT BID BONDS.

2. AS A CONSEQUENCE, THESE THREE FIRMS AND ONE OR
TWO OTHERS HAVE TOLD THEIR LOCAL AGENTS THEY WILL NOT
BID ON ANY NON-USAID SYRIAN TENDERS IN THE FUTURE.

ALL SYRIAN TENDERS REQUEIRE BID BONDS UP TO FIVE PERCENT OF TOTAL VALUE OF CONTRACT. (COMMMENT: IF WORST CASE COMES TO PASS FORFEITURE OF BID BONDS WILL PROBABLY REIMBURSE AFTOMACHINE FOR PRICE SPREAD BETWEEN FOURTH-RANKED FRONCH FIRM AND U.S. LOW BIDDER) WE HAVE NO ESTIMATE ON HOW EXTENSIVE THIS REFUSAL TO BID WILL BECOME BUT IT IS A DANGEROUS TREND.

3. POST WOULD ALSO LIKE TO POINT OUT THAT CONTINUED USG POLICY OF REFUSING TO DISSEMINATE TENDERS WITH BOYCOTT LANGUAGE (STATE 126316) MAY CAUSE AN EXPENSIVE DISSERVICE TO U.S. INDUSTRY. U.S. FIRMS FREQUENTLY RECEIVE TENDER SPECIFICATIONS FROM THEIR AGENTS AND MAY BID UNAWARE THAT BOYCOTT LANGUAGE IS CONTAINED IN OTHER DOCUMENTS. SHOULD IT BE DISCOVERED LATER THAT CONTRACT CONTAINS BOYCOTT LANGUAGE, FIRM RISKS LOSING BID BOND. IF TENDERS WITH BOYCOTT LANGUAGE WERE DISSEMINATED, WITH APPROPRIATE ATTENTION BEING CALLED TO OFFENSIVE TERMS, U.S. FIRMS COULD MAKE THEIR DECISIONS FULLY AWARE OF THE RISKS.
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